



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 14, 2001

### **S. 1090**

### **Veterans' Compensation Cost-of-Living Adjustment Act of 2001**

*As ordered reported by the Senate Committee on Veterans' Affairs on August 2, 2001*

S. 1090 would increase the amounts paid to veterans for disability compensation and to their survivors for dependency and indemnity compensation by the same cost-of-living adjustment (COLA) payable to Social Security recipients. The increase would take effect on December 1, 2001, and the results of the adjustment would be rounded to the next lower dollar.

The COLA that would be authorized by this bill is assumed in the budget resolution baseline, pursuant to section 257 of the Balanced Budget and Emergency Deficit Control Act, and savings from rounding it down were achieved by the Balanced Budget Act of 1997 (Public Law 105-33). As a result, the bill would have no budgetary effect relative to the baseline. Relative to current law, CBO estimates that enacting this bill would increase spending for these programs by about \$407 million in 2002. (The 2002 cost on an annualized basis would be about \$543 million, which would be the approximate cost in subsequent years.) This estimate assumes that the COLA effective on December 1, 2001, would be 2.7 percent.

S. 1090 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

On July 20, 2001, CBO prepared a cost estimate for H.R. 2540, the Veterans Benefits Act of 2001, as ordered reported by the House Committee on Veterans' Affairs on July 19, 2001. Section 101 of H.R. 2540 would provide the same COLA as this bill would. The estimated costs of this bill and section 101 of H.R. 2540 are the same.

The CBO staff contact is Michelle S. Patterson. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.